



MAGNOLIA

Management Group, Inc.

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, DC 20554

Re: Restrictions on Over-The-Air Reception Devices, CS
Docket No. 96-83; and Preemption of Local Zoning Regulation
of Satellite Earth Stations, IB Docket No. 95-59.

Dear Mr. Caton:

We write to request clarification regarding the possible effect on our business of the rules proposed in the above dockets. An original and 13 copies of this letter are enclosed for filing in the record. We understand that the proposed rules would invalidate "nongovernmental restrictions" that "impair" a viewer's ability to receive video programming over the air, through a wireless cable or similar system, or by direct broadcast satellite.

Magnolia Management operates single-family homes and residential apartment buildings. Consequently, we have entered into hundreds of leases with our residents. We are concerned that our leases might contain terms that are "nongovernmental restrictions" that "impair" viewing, but we do not know how the proposed rules would be applied. This uncertainty could very well create unnecessary disputes with our residents.

We would appreciate your guidance in determining which provisions of our lease contain terms that might be considered "nongovernmental restrictions" or "impairments" under the rules you propose in our circumstances.

Accordingly, we enclose a copy of one of our representative lease forms. Please read it and let us know which terms of the enclosed form would violate either of the proposed rules.

Thank you for your assistance.

Sincerely,

Naomi G. Simpson
CEO

Quality People Managing Quality Properties



MAGNOLIA
Management Group, Inc.

LEASE AGREEMENT

Community _____

Unit Number _____

I. LEASE TERMS AND OTHER DATA:

1. Effective Date of Lease _____ 2. Date of Occupancy _____
3. Name of Lessee (s) _____
4. Address and Unit No. of Premises _____
5. Description of Premises:
- | | | |
|--------------------|--------------------------|-----------------------|
| a. Unit Type _____ | Number of Bedrooms _____ | Number of Baths _____ |
|--------------------|--------------------------|-----------------------|
- b. Condition of Premises _____
- c. Names of Occupants Allowed _____
- d. Vehicles (1) _____ (2) _____
6. Term of lease: _____ months beginning 12:00 Noon on _____ and ending 12:00 Noon on _____
7. Monthly Rental \$ _____ (Due on or before First day of each Month)
- * Check/Money Order made payable to: _____
8. Utilities to be Paid by Lessor (if any) _____
9. Money received as follows:
- | | |
|------------------------------------------------------------------------|----------|
| a. Good Faith deposit TO BE HELD IN TRUST ACCOUNT WITH _____ | \$ _____ |
| b. Pet fee/Deposit (where applicable) _____ | \$ _____ |
| c. Pro-rated rent (For period _____, 19 _____ through _____, 19 _____) | \$ _____ |
| d. First month's rental for period beginning _____, 19 _____ | \$ _____ |
| e. Other Charges: specify _____ | \$ _____ |
| f. Concessions: _____ | \$ _____ |
10. Late payment charges (see paragraph 3, reverse side) will be as follows: Rent received after 5:00 p.m. on the 5th day of the month will incur a late fee of 10% of monthly rental amount (\$ _____).
11. There will be a charge of \$ _____ for each returned check plus late fees.
12. Special Conditions of Lease: _____

II. EXECUTION OF LEASE:

THIS LEASE AGREEMENT SPECIFICALLY INCLUDES ALL THE PROVISIONS STATED ABOVE AND THOSE SET FORTH ON THE REVERSE SIDE HEREOF. THIS LEASE CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND ALL ORAL AGREEMENTS ARE MERGED HEREIN.

IN WITNESS WHEREOF, this Agreement is duly executed by the Lessee(s) and by the Lessor, the day and year first above written.

NOTE: READ REVERSE SIDE BEFORE SIGNING LEASE. UPON EXECUTION LESSEE ACKNOWLEDGES THAT HE HAS READ AND AGREES TO THE PROVISIONS SET FORTH ON THE REVERSE SIDE.

ADDENDUMS:

- (a) _____
- (b) _____
- (c) _____
- (d) _____
- (e) _____

LESSEE(S) (All Adult Occupants)

| | |
|-----------------|---------------|
| _____ Lessee | _____ Date |
| _____ Lessee | _____ Date |
| _____ Lessee | _____ Date |

FOR THE LESSOR:

By _____
AUTHORIZED AGENT FOR OWNER

Date

1. PARTIES. THIS LEASE is made as of the date inserted in Item 1 on the reverse side of this form by and between the person or persons, firm association or corporation named in Item 3 on the reverse side and the Agent for the Owner-Lessor of the demised premises. For convenience of reference in this lease, the Owner-Lessor is often called "We" or "Us" and the Lessee(s) is/are often called "You".

2. PREMISES IN CONSIDERATION of the promises and agreements contained in this Lease. We are hereby pleased to lease to You and You hereby agree to lease from Us the apartment unit described in Item 4 on the reverse side (together with the existing fixtures, carpeting, draperies and appliances and any household furniture and furnishings provided by Us), this residence together with any such contents provided by Us is hereafter called this "Premises". This Lease is made on the following terms and You and We agree that:

3. RENTAL. You shall pay the amount of monthly rental as shown in Item 7 on the reverse side of this form, in advance, on or before the first day of each calendar month during the rental period, without deduction or demand. Checks should be made payable to the agent listed on the reverse side of this form and mailed or delivered to such address as We shall designate. YOU HEREBY WAIVE ALL NOTICE OF RENT DUE AND AGREE THAT WE MAY TAKE ANY LEGAL MEASURES NECESSARY TO COLLECT OUR RENT OR OBTAIN OUR PREMISES ON THE DAY THE RENT BECOMES DELINQUENT OR ANY DAY THEREAFTER WITHOUT HAVING TO GIVE YOU ANY DELINQUENT NOTICE. In the event rental for any month is not paid in full on or before the 5th day of such month, You shall pay promptly as a late-payment charge, in addition to the regular monthly rental, the sum listed in Item 10 on the reverse side of this form, in order for Us to defray the administrative and handling expenses of a late payment or a returned check. Payment will be in the form of a money order or cashiers check. In addition to the regular monthly rental, before you occupy the Premises You shall pay the amount of prorated monthly rental, if any, as shown on Item 9(c) on the reverse side.

4. UTILITIES. We shall pay only for those utilities shown in Item 8 on the reverse side hereof. You shall pay for all other utilities on the Premises.

5. COMMON AREA FACILITIES. The swimming pool and all other recreational and common area facilities of this Community, when open and operating, and subject to the applicable rules and regulations posted by Us, may be used by You and the other occupants named in Item 5(c) on the reverse side, if any, without charge. Parking at the Community is normally provided only for Your passenger cars listed in Item 5(d) on the reverse side and no trucks, tractors, boats, trailers or other vehicles will be permitted to park at the Community without permission in writing from Us. We have the right to control the method and manner of all parking at the Community and also have the right to tow away and store, at Your expense, any vehicle parked or abandoned by You, Your family or guest, which becomes a nuisance to the Community, such as wrecked or disabled vehicles or vehicles not currently registered or licensed under applicable law. Any coin-operated laundry facilities provided for the Community, when open and operating, will be available for Your use subject to Our rules and regulations.

6. USE OF PREMISES. You shall use the Premises only as a private residential dwelling and only those persons who have signed this Lease and those persons named as occupants in Item 5(c) on the reverse side may occupy the Premises or use any other facilities of the Community without our prior written consent. If there is to be any change in the named occupants for the Premises, this must also be approved in writing by Us. Any person or persons not named as an occupant in Item 5(c) on the reverse side, but who remains in or around the Premises on a regular basis, shall be considered as occupying the Premises and if such person has not been approved by Us his occupancy shall constitute a default under the terms of this Lease. You shall not permit the Premises to be used in any unlawful manner or in any manner that may in Our exclusive judgement be disturbing to another resident of the Community or for any purposes which in Our judgement may injure the reputation, safety or welfare of this Community. You, your children and your guests, shall observe and comply with the rules and regulations now existing or which may be established from time to time by Us for the operation and control of the Premises and the overall Community.

7. ENTRY OR INSPECTION. The Tenant shall not unreasonably withhold consent to the Landlord to enter into the dwelling unit in order to inspect the premises, make necessary or agreed repairs, decorations, alterations, or improvements, supply necessary or agreed services, or exhibit the dwelling unit to prospective or actual purchasers, mortgages, Tenants, workmen, or contractors. The Landlord or his agent may enter the dwelling unit without consent of the Tenant; At any time in case of emergency (prospective changes in weather conditions which pose a likelihood of danger to the property may be considered an emergency); Between the hours of 9:00 a.m. and 6:00 p.m. for the purpose of providing regularly scheduled periodic services such as changing furnace and air-conditioning filters, providing termite, insect, or pest treatment, and the like, provided that the Landlord announces his intent to enter to perform services; or Between the hours of 8:00 a.m. and 6:00 p.m. for the purpose of providing services requested by the Tenant and that, prior to entering, the Landlord announces his intent to enter to perform services. The Landlord shall not abuse the right to access or use it to harass the Tenant. Except in cases of emergency above, the Landlord shall give the Tenant at least twenty-four hours notice of his intent to enter and may enter only at reasonable times. The Landlord has no other right of access except; pursuant to court order; as permitted by Sections 34 and 35 of Article IV of the South Carolina Residential Landlord and Tenant Act when accompanied by a law enforcement officer at reasonable times for the purpose of service of process in ejectment proceedings; or unless the Tenant has abandoned or surrendered the premises.

8. ASSIGNMENT AD SUBLETTING. You shall not assign this Lease or sublet any or all of the Premises without Our written consent. We have the right to assign this Lease should the Community be sold or transferred to another owner. In the event the Community is sold or transferred then We shall be released from the obligations of this Lease and Your remedies for any breach of this Lease shall be against the person, firm or corporation succeeding to our rights in the Community.

9. REPAIRS: CARE OF PREMISES, ALTERATIONS. At Your expense, You shall keep and maintain the Premises in good, clean, and safe condition and repair, including the replacement of any broken glass in the Premises and replacement of electric light bulbs from time to time. If You do not maintain the Premises in such condition, We shall have the right to enter and do so on Your behalf and at Your expense, and You shall promptly reimburse us for such expense. However, We shall make all necessary major repairs to the Premises at Our expense within a reasonable time after You have given Us written notice of the need for such repairs, except any damage caused by the acts or omissions of You, your family or your guests shall be repaired at Your expense and promptly be reimbursed to Us in making any such repairs. We shall have no responsibility for any inconvenience or annoyance to You, and the monthly rentals payable to Us under this Lease shall not be reduced because of any alleged failure by Us to make any repairs or for any reason whatsoever. Without our prior written consent, You shall not change any locks or paint, mark, drive nails or screws into, or otherwise deface or alter the walls, ceiling, floors, windows, cabinets, woodwork, stone, ironwork, or any other parts of the Premises, inside or outside. Any alterations or improvements which are made by You, including any fixtures, carpeting, shrubs, or any other plants, shall become a part of the Premises unless otherwise specified by Us in writing. Upon termination of this Lease, You shall thoroughly clean the Premises and restore it to its original condition of repair, safety and appearance as it was on the date of this Lease, ordinary wear and tear only excepted, or, if You fail to do so, You will promptly reimburse Us for such expense. You shall also return all keys to the Premises upon termination.

10. DAMAGE AND LOSS. You shall at all times exercise due care in the use of the Premises. You are taking occupancy of the Premises and accepting the Premises "as is" and "where is". You agree that We shall not be liable to You, your family, your guests or any other person for any loss, injury or damage to person or property arising out of the failure of any appliance, fixture, the roof, any plumbing, heating, air conditioning, electric, gas, water or sewerage systems in or about the Premises, or caused by any casualty or catastrophe including without limitation storm, flood, fire, criminal acts, moths, termites, or vermin or caused by latent defects, or from any other cause whatsoever, whether or not due to negligent acts or omissions by You, your family and guest or by any third parties, including without limitation other occupants of this Community, and You assume all risk of and agree to indemnify Us from any such loss, injury or damage. Further, the use of the parking spaces, storerooms, laundry facilities, swimming pool, recreational facilities, community buildings and all other common areas in this Community shall be at Your own risk and We shall not be liable to You, your family, your guests or any other person for any loss, injury or damage to person or property arising out of use of the foregoing, from any cause whatsoever, and You assume all risk of and agree to indemnify Us from any such loss, injury or damage. You agree to carry insurance covering all Your property located in the Premises and to indemnify Us from any damage or loss We may sustain because of any fire or the extinguishing of such fire originating in the Premises which damages Our Property.

11. NOTICE OF TERMINATION; RENEWALS; TRANSFER. After the initial term of this Lease the rental period shall automatically be renewed for successive one month periods at the same monthly rental and on the other terms set forth in this Lease, unless on or before thirty (30) days prior to the last day of the original rental period, or of any renewal rental period, You or We give the other party written notice of termination as of the last day of such rental period. If, on or before thirty (30) days prior to the last day of any such rental period, We give You written notice that any renewal shall be at a stated monthly rental different from the previous monthly rental, the renewal shall be at such new stated monthly rental, unless within ten (10) days after Your receipt of such notice You give Us written notice of your intent to terminate this Lease. This Lease may be terminated by You at any time after the first 120 days of the term if You are transferred by Your current employer outside of a fifty (50) mile radius from the Community provided You perform each of the following: (a) give Us written notice at least 30 days prior to the effective date of such termination, (b) give Us a certified copy of military transfer orders or a statement in the form of an affidavit sworn to before a notary public from your current employer evidencing such transfer, (c) pay all sums due Us up through the effective date of the termination, (d) reimburse all concessions agreed upon as incentive to fulfill the initial Lease term, (e) leave the Premises in good clean condition with no damage, ordinary wear and tear alone excepted, and (f) otherwise comply with all the terms of this Lease. We shall have the right to retain Your security deposit as liquidated damages.

12. EARLY TERMINATION: LIQUIDATED DAMAGES. If for any reason other than those set forth in paragraph 11 above, You desire to terminate the Lease at any time after the first 120 days of the term,

following terms: (a) You shall give Us 30 days written notice prior to the effective date of such early termination, (b) You shall pay Us all rents due through the date of termination, (c) You shall pay Us an amount equal to one and one-half month's rent as liquidated damages, in addition to your having fulfilled your 30-day written notice term, (d) reimburse all concessions agreed upon as incentive to fulfill the initial Lease term, (e) You shall leave the Premises in good clean condition with no damage, ordinary wear and tear alone excepted, and (f) You will otherwise comply with all other applicable terms and conditions of this Lease. If you perform as stated above, We will allow You to terminate this Lease prior to the end of the term pursuant to Your notice and You shall be relieved of all further obligations hereunder. If, however, You do not perform each and every one of the above conditions, We shall be entitled to pursue all remedies provided for by this Lease or at law.

13. LATE POSSESSION. We shall exercise our best efforts to give You possession of the Premises at the commencement of the term of this Lease, but We shall not be liable to You or any other person for any failure to do so, and any such failure shall not affect the validity of this Lease and Your obligation to pay rent. If however, there is a failure to deliver You possession of the Premises at the commencement of this Lease, the monthly rental provided for shall be abated pro rata on a daily basis and shall not be due until possession is given or occupancy is available. Should Lessor fail to deliver possession of the Premises within 15 days after commencement of this Lease, Lessee may elect to cancel the Lease and receive a refund of good faith and pet fees/deposits paid, if any.

14. OUR RIGHTS UPON DEFAULT. If you should fail to pay any monthly rental as it becomes due or fail to perform or observe any other term of this Lease, or should it reasonably appear to Us that You have abandoned the Premises (it being agreed that Your absence from the Premises for six consecutive days after rent has become delinquent or Your removal of substantially all of Your possessions will create a conclusive presumption of abandonment) or should You be declared incompetent, become bankrupt or make a voluntary assignment for the benefit of creditors or should a receiver, guardian or trustee be appointed for Your property, then and in any such event, We may, at Our Option, re-enter and repossess the Premises without prior notice or demand, using such reasonable force as may be necessary, change any or all locks on the Premises, all without being liable for forceable entry, trespass or other tort, and, as we elect, either: (a) declare this Lease to be terminated, in which event, Your rights and Our duties under this agreement shall terminate without prejudice to Our rights to receive unpaid rents and damages for breach of this Lease or (b) relet the Premises on Your behalf for the highest rent We deem reasonably obtainable, which event shall not be considered as a surrender or acceptance of the Premises or a termination of this Lease, and recover from You any deficiency between the amount received as rent upon the reletting, less all costs of re-renting that we deem necessary or appropriate to be made in connection with the re-renting and the amounts due under this Lease. If any amounts owing to Us under this Lease are collected through an attorney, You agree to pay an additional amount equal to 15% thereof as reasonable attorneys' fees.

15. OUR RIGHTS UPON TERMINATION. Upon termination of this Lease by lapse of time or otherwise, or upon Our exercise of any power to re-enter and repossess the Premises described in paragraph 14 above, You shall at once surrender possession of the Premises, remove such of Your property therefrom as We may specify in writing and deliver to Us all keys to the Premises. In any such event, if You should fail at once to surrender the Premises and remove the specified property therefrom, We may immediately re-enter and take control of the Premises and, at Our option, remove and/or store such property for Your account and at Your expense without any liability to You for loss or damage thereto. If any of Your property remains on Premises for ten (10) days after You have vacated the Premises or if We have removed and stored any such property in the exercise of any of Our rights and remedies under this Lease, then if you have not claimed and taken delivery of such property and paid Us all amounts due under this Lease including costs of removal and storage, We shall have the right to sell all or any part of such property at a public or private sale after giving You ten (10) days written notice at Your last known address or any forwarding address left by You with Us. We may apply the proceeds of such sale as follows: first, to the payment of all costs and expenses of removing the property from the Premises, storing the property and conducting the sale; second, to the payment of all monthly rentals and other amounts due Us; and third, to You upon Your written demand, without interest. The security interest set forth in this paragraph is for Our benefit and is supplemental to any lien provided by applicable statutes or common law.

16. GOOD FAITH DEPOSIT. To secure Your performance of all of the terms of this Lease, You have deposited the sum as set forth in Item 9(a) on the reverse side hereof, which amount is herein called the "Deposit". The Deposit shall remain with Us for the full and faithful performance by You of each and every term of this Lease and said Deposit shall be held in a trust account at the institution stated in Item 9(a) on the reverse side hereof. You agree that, at our option, this trust account may be interest-bearing, and if so, such interest accrues to Us. You will be entitled to the return of the Deposit upon full compliance with the terms of this Lease and after We have had the opportunity to inspect the Premises. Until then, We shall have no obligation to apply the Deposit to any unpaid amounts due Us from You, but We may do so at Our option, and Our right to re-enter and repossess the Premises under paragraph 14 above shall in no way be affected by the fact that We may be holding the Deposit. If You have defaulted under the terms of this Lease, at Our option all or part of the Deposit may be applied against the money due Us and any balance refunded to You. We will notify You in writing, concerning the disposition of your deposit, within 30 days of repossessing the Premises. If the Tenant fails to provide the Landlord with the forwarding or new address, the Tenant is not entitled to damages under this subsection provided the Landlord (1) had no notice of the Tenant's whereabouts and (2) mailed the written notice and amount due, if any, to the Tenants last known address. Upon the sale or conveyance of the Community, We may transfer or assign Your deposit to the new owner and upon transfer, all of Our liability and that of Our agents for such Deposit shall terminate.

17. PETS. Unless permitted by a separate Pet Agreement signed by You and Us and unless a pet fee in the amount shown in Item 9(b) on the reverse side is paid by You, You will not be allowed to keep any pets in or about the Premises, and Your acquisition of a pet at any time during the term of this Lease shall constitute a default under this Lease.

18. SUBORDINATION. You agree that Your interest under this Lease in the Premises is and shall remain subject and subordinate to the lien of each and every present and future mortgage, deed of trust or other security instrument or underlying senior lease applicable to the Premises and the Community and any extensions or renewals thereof and to all advances made or to be made thereunder. This subordinate provision shall be self-operative, and no further instrument shall be required by any third party, but if We request, You agree to execute and deliver such further instrument as may evidence this subordination to any third party. Your failure to execute such an instrument of subordination will be deemed a default under this Lease. In the event this Lease were to be voided as a result of a foreclosure of any such mortgage, deed of trust or other security instrument or as a result of the termination of any underlying senior Lease, We shall not be liable for any damages or loss caused to You. If by reason of a foreclosure of such mortgage, deed of trust or other security instrument or as a result of the termination of any underlying senior Lease, there is a new owner of the Community during the term of this Lease, then You agree to attorn to such new owner as Your Landlord and continue to perform Your obligations under this Lease for such new owner as if he had been named the original Lessor hereunder.

19. STATUS OF AGENT. You understand and agree that The Agent listed on the reverse side of this form acts only as Agent for the Lessor, who is the Owner of the Community. Therefore, responsibility to all obligations of the Lessor hereunder rests entirely with the Owner. The Agent may exercise and shall have the rights and powers of the Owner-Lessor but the Agent's duties, if any, are solely limited to those duties owed to the Lessor-Owner. The Agent has no duties to You with respect to the deposit hereunder. The Agent shall, as Agent for the Owner, benefit from the covenants, waivers, releases and indemnifications contained in this Lease to the same extent as the Owner.

20. MISCELLANEOUS. You agree that Your interest under this Lease in the Premises is and shall remain subject and subordinate to the lien of each and every present and future deed of trust, or other security instrument or other lien applicable to the Premises and the Project, and any extensions or renewals thereof and to all advances made or to be made thereunder. This subordination provision shall be self-operative, if the Premises or any part of the Premises shall be taken by eminent domain or pursuant to other governmental authority, this Lease shall at Our option terminate, and You shall have no claim against any award for the taking. Except as otherwise provided in this Lease, the agreement herein shall be enforceable by and against You and Your respective personal representatives, successors and assigns. This document and any attached addendums and amendments contain the entire agreement between parties and no statement, oral or written not contained herein shall be binding on either party unless additional amendments and/or addendums to the lease are in writing and signed by the parties hereto. No waiver or any breach of any term of this Lease shall be construed as a waiver of that term or condition or any subsequent breach thereof, and Our acceptance of any monthly rental after the due date shall not constitute a waiver of Our right to receive any future monthly rental on the due date. The delivery of the keys of the Premises to Us shall not operate as a termination of the Lease but as a surrender of the Premises. The Lease shall if possible be constructed consistently with all law and public policies, and if any court or competent jurisdiction determines that it is impossible to construe any provision of this Lease and consequently holds that provision to be invalid, then such holdings in no way whatsoever affect the validity of any other provisions of this Lease. If this Lease is executed by more than one party, all such persons shall be jointly and severally liable for the payment of the agreed rental and for the performance of all other terms and obligations required to be kept by the Lessee hereunder. When the context permits or requires, a pronoun in any gender (masculine, feminine or neuter) shall include the remaining genders and the singular the plural and the plural the singular. The remedies provided in this Lease shall be cumulative and shall not in any way abridge, modify or preclude any other rights or remedies to which we are entitled at law or in equity. Each party acknowledges that he has read this Lease prior to signing and agrees to all terms contained herein.

INITIALS OF OWNER'S REPRESENTATIVE _____

INITIALS OF RESIDENT(S) 1) _____ 2) _____